

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, January 13, 1926, at 11:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary
Mr. McClelland, Assistant Secretary

The reading of the minutes of the meetings of the Federal Reserve Board held on January 7th, 11th and 12th was dispensed with.

Memorandum dated January 12th from the Assistant Director of the Division of Research and Statistics, advising that the temporary appointment of Mr. Kenneth Hunter expired on December 31, 1925, and that Mr. Hunter has left the Division.

Noted.

The Governor then presented telegram dated January 12th from the Chairman of the Federal Reserve Bank of San Francisco, with reference to the proposed building to house the Salt Lake City Branch of that bank as follows:

"Suggestions of Consulting Architect Trowbridge have been considered with construction manager, upon whose advice we regard them as substantially acceptable and desirable, although probably Salt Lake architects familiar with local conditions may advise minor modifications stop construction manager estimates that additional cost probably not over \$75,000 and believes that present bids can be adjusted to include suggested changes with full protection to bank's interests; construction manager advises using present bids which remain in force until January 23 inclusive instead of calling for new bids. In wiring approval please approve segregation previously submitted in Schedules A and B."

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After discussion, Mr. Miller moved that the following telegraphic reply be transmitted to Mr. Perrin:

"Your wire January 12th. Inasmuch as you intend to submit proposed modifications in plans and specifications to your Salt Lake City architect, Board will await further advice before taking final action. Such action when taken must be based upon definite figures of cost of building and it must appear to satisfaction of Board that cost of structure will not be in excess of legal limit of \$250,000. Segregation submitted in Schedules A and B is approved as being in accordance with intent of statute. Board assumes that all bidders on original specifications will be given opportunity to bid on amended specifications".

Mr. Platt moved to amend the above proposed reply by eliminating the last sentence.

Mr. Platt's motion being put by the Chair was carried, Messrs. Crissinger and Miller voting "no".

Mr. Miller's original motion, as amended, being put by the Chair was carried, Messrs. Crissinger and Miller voting "no".

Report of Committee on Salaries and Expenditures on letter dated January 12th from the Chairman of the Federal Reserve Bank of Philadelphia, requesting approval of the action of the Board of Directors of that bank in granting a leave of absence, on account of illness, of not exceeding 90 days, from January 6th, to Mr. Joseph H. Gallagher, vault custodian; the Committee recommending approval.

Approved.

Report of Committee on Salaries and Expenditures on letter dated January 6th from the Governor of the Federal Reserve Bank of Minneapolis, requesting approval of a budget of \$3,160 for the Federal Reserve Club of that bank, for the year 1926, with estimated credits of \$600 because of dues

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collected, leaving a probable expenditure of \$2,560; the Committee recommending approval.

Approved.

Report of Committee on Examinations on letter dated January 4th from the Assistant Federal Reserve Agent at New York, transmitting and recommending approval of application of the Municipal Bank, Brooklyn, N. Y., for permission to establish local branches at Flatbush Avenue and Parkside Avenue, at the corner of Coney Island Avenue and Kings Highway and at 736 Manhattan Avenue between Messerole and Calyer Streets, and transmitting also inquiry of the bank as to whether there is any objection in principle to the later establishment of additional branches, provided the approval of the Superintendent of Banks and the Federal Reserve Board is then obtained; the Committee recommending approval of the branches now applied for, and suggesting that there is no "objection in principle", to the establishment of additional branches applied for under the Board's Regulation "H".

Upon motion, it was voted to approve the recommendation and suggestion of the Committee.

At this point, Mr. McIntosh entered the meeting.

The Governor presented and the Secretary read to the Board draft of a proposed reply to letter dated December 23rd from Honorable Irvine Lenroot, United States Senator, requesting certain additional information with regard to present banking and credit conditions and the policy of the Federal Reserve System in dealing with these matters.

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After discussion, upon motion by Mr. Platt, the proposed reply was approved, Mr. Miller "not voting".

The Governor then brought up the matter on which action was deferred at the meeting on January 7th, namely, the report of the Law Committee dated January 6th, submitting an amendment to that paragraph of Section 13 of the Federal Reserve Act which authorizes advances by Federal Reserve banks to their member banks on promissory notes of not more than 15 days' maturity; and the following motions made at that meeting.

Motion by Mr. Hamlin that the Board approve the amendment, recommended by the Law Committee, to that paragraph of Section 13 which authorizes such advances so as to make it read as follows:

"Any Federal Reserve bank may make advances for periods not exceeding fifteen days to its member banks on their promissory notes secured by the deposit or pledge of bonds or notes of the United States or of bonds of the War Finance Corporation, or when authorized by the Federal Reserve Board and subject to such conditions, regulations, limitations and restrictions as the said Board may prescribe, may make advances for periods not exceeding ninety days to its member banks on their promissory notes secured by such notes, drafts, bills of exchange or bankers acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this Act. All such advances shall be made at rates of interest to be established by such Federal reserve banks subject to the review and determination of the Federal Reserve Board."

Motion by Mr. Miller that the Board recommend the striking from Section 13 of the following paragraph permitting such advances:

"Any Federal Reserve bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes

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"are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this Act, or by the deposit or pledge of bonds or notes of the United States" (or by bonds of War Finance Corporation - Sec. 13 War Finance Corporation Act.

The Governor then reported that he had discussed these motions with the Secretary of the Treasury who had stated he was strongly opposed to the repeal of the existing provision of the law, as to 15 day notes secured by the deposit or pledge of bonds or notes of the United States.

After discussion, Mr. Miller's motion was put by the Chair and lost, Messrs. Miller and Cunningham voting "aye".

Mr. Hamlin's motion then being put by the Chair was carried, Mr. Miller voting "no".

REPORTS OF STANDING COMMITTEES:

Dated, January 12th, Recommending changes in stock at Federal Reserve banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, January 13th, Recommending action on application for admission of state bank, subject to the conditions stated in the individual reports attached to the application, as set forth in the Auxiliary Minute Book of this date.

Approved.

Dated, January 12th, Recommending approval of the application of Mr. R. R. Rand, Jr. for permission to serve at the same time as director of the First National Bank and Produce State Bank, both of Minneapolis, Minn.

Approved.

Dated, January 12th, Recommending approval of the application of Mr. Sumner T. McKnight for permission to serve at the same time as director of the First National Bank and as director and officer of the Produce State Bank, both of Minneapolis, Minn.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, January 13th, Recommending approval of the application of Mr. David A. Gamble for permission to serve at the same time as director of the First National Bank and as director of the Produce State Bank, both of Minneapolis, Minn.

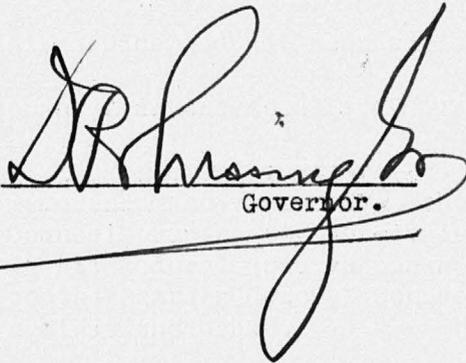
Approved.

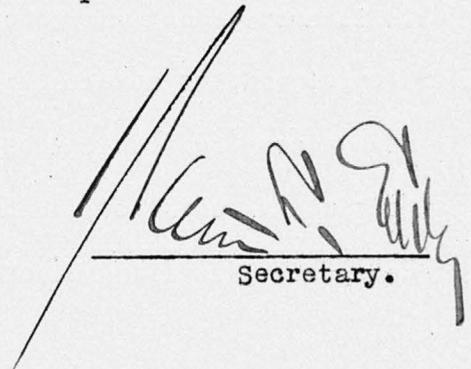
Dated, January 12th, Recommending approval of the application of Mr. Luman W. Goodenough for permission to serve at the same time as director of the Merchants National Bank and as director of the Guardian Trust Company, both of Detroit, Mich.

Approved.

The meeting adjourned at 1:10 p.m.

Approved:


Governor.


Secretary.